

INFORMATIONAL MEMORANDUM – KY-FD-IM-S-05-02

TO: Food Service Director/Administrator

FROM: Teresa Ulery, Branch Manager
Division of Food Distribution

DATE: July 26, 2004

SUBJECT: Determining School Commodity Entitlement

This informational memorandum is to answer questions and to refresh each of you on how commodity entitlement are determined and allocated to each SFA for meals served in the National School Lunch Program (NSLP) in Kentucky.

The Richard B Russell National School Lunch Act (NSLA) requested that USDA provide a minimum level of commodities to each State for the NSLP. This level of commodities is referred to as the State's entitlement.

The Food and Nutrition Service (FNS), in conjunction with the Agricultural Marketing Service (AMS) and the Farm Service Agency (FSA), decides which commodities will be available and the amounts to purchase based on a consolidated purchase plan. The purchase plan is developed annually and updated as needed. This level of commodity support takes into consideration overall program entitlements to States, traditional usage in previous years, State and school preferences, anticipated market conditions, and the amounts and types of funds appropriated.

Overall commodity entitlements are determined based on the estimated number of lunches serviced between July 1 and June 30 of each year. The entitlements are obtained by multiplying the estimated number of meals served in the current year by the value of commodity assistance for each lunch. The value per lunch specified by Section 6 (c) of the NSLA in a three-month average value of the Price Index for Food Used in Schools and Institutions for March, April, and May of each year, is updated annually and published in the Federal Register. This entitlement level may be increased based on Section 6 (e) of the NSLA, which requires that not less than 12% of all school lunch assistance be in the form of commodities.

The entitlement for the NSLP is separated into two commodity groups; Group A and Group B. Group A foods are surplus removal type foods that are generally available seasonally. The AMS purchases Group A commodities using primarily Section 6 and 32 funds. Group A commodities include perishable foods such as fruit, vegetables, poultry, fish and meat. Group A foods are generally offered when a purchase is expected to be made. Kentucky may choose to accept all or a part of its share or choose to refuse the item all together, these decisions are made according to the SFAs request. If additional items are available, they will be offered later in place of the refused commodities.

Group B foods are acquired by the FSA, primarily using Section 6 funds or provided under Section 416 donation authority. They are generally price support type foods including dairy products, cereals, grains, peanut products and vegetable oil products.

Group B foods are handled differently from Group A foods. Each year, the State sets the percentage of Group B commodities according to the R/A request. Normally, this percentage remains the same for the entire school year. However, if unusual situations occur, we are given the opportunity to change the percentage of Group B commodities. USDA provides a list of available Group B foods and the estimated cost of each item. This information is supplied to you the SFA on the electronic commodity food request, and orders are placed accordingly.

In addition to entitlements, bonus commodities are donated to schools using Section 32 funds and Section 416 authority. Bonus foods are considered those over and above entitlement foods. They are offered periodically, but only as they become available through agricultural surpluses. They are then offered on a fair-share basis, and do not count against your regular entitlement dollars.

Preliminary entitlements are computed prior to the school year in order to allocate commodities, and they are updated prior to July 1. The entitlements are updated to comply with the NSLA Section 6 (c) (1) (A), which requires FNS to adjust the national average value of donated foods on July 1 each year.

In accordance with Section 6 (c)(1)(C), at the end of each school year, FNS reconciles the number of lunches served by schools in each State with the number of lunches served by the schools in each State the preceding school year and increases or reduces the commodity assistance level.

We hope that this explanation helps each of you to understand how commodities are purchased, the way entitlement dollars are figured and why you get what you get.

Should you have questions or concerns, please contact Dan Flaherty or Teresa Ulery at 502-573-0282.

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